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SASKATCHEWAN SOLUTIONS: MARKET RESEARCH, MARKET EXPANSION AND NEW PRODUCT LAUNCH AT THE INSTITUTE OF FOOD TECHNOLOGISTS FOOD EXPO 2007 IN CHICAGO

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Prepared by: Ag-West Bio Inc.

PROJECT FINAL REPORT

TITLE: ***Saskatchewan Solutions: Market Research, Market Expansion and New Product Launch at the Institute of Food Technologists Annual Meeting and Food Expo 2007 in Chicago***

Submitted by

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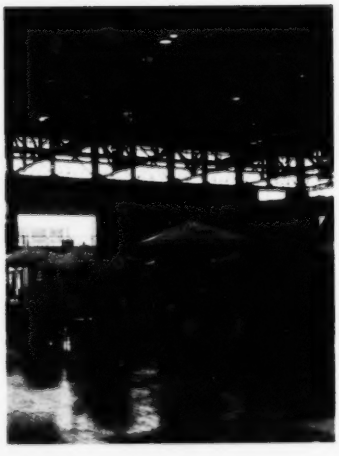


SUMMARY

The IFT 2007 trade show held on July 28-31, 2007 in Chicago was planned a year in advance of the July 2007 show. Ag-West Bio in collaboration with the Saskatchewan Food Development Centre facilitated the trade mission. The whole process consisted of selecting the booth, booth design layout preparation, consulting stakeholders and contacting potential Saskatchewan pavilion participants, booth participation package preparation, budget development, preparation of special materials for the show display and other promotional material, internal and external promotion of the show, actual attendance, physical booth layout, and dismantling. Financial support was secured by Ag-West Bio from ADF to cover up to 50% of all eligible expenses of for-profit Saskatchewan companies attending the IFT 2007. Saskatchewan was represented in booth 1313 by the following organizations/companies: Ag-West Bio, Saskatchewan Food Development Centre, Agriculture and Agri-Food Canada, Can Mar Grain Products Ltd, Farm Pure Foods Inc., Mustard Capital Inc. and POS Pilot Plant. Over 22,000 people attended the IFT 2007. By all standards (exposure, contacts, interests, business leads), the show was a success. We recommend that the Agri-valu program of ADF kindly continue to support pre-export stage Saskatchewan companies attend globally represented trade shows to enhance their company profile as well as that of the province, ultimately for economic development of and wealth creation in the province.

INTRODUCTION

Saskatchewan has 40% of Canada's arable land, and is a source of various ingredients including grain and oilseed crops. The quality of Saskatchewan's, and in general, Canadian food ingredients have a well known reputation world wide for quality and innovation. In addition, Saskatchewan research clusters consisting of Universities, federal and provincial laboratories and research organizations collectively provide a unique opportunity to develop new and novel ingredients and finished products for the global food and ingredients market.

In December 2004, an ADF application was submitted to Saskatchewan Agriculture and Food for the development of a concept for a Saskatchewan Pavilion to promote Saskatchewan's R&D capacity to the global food, functional food and natural health product sectors. This application was entitled "Creating a Global Presence for Saskatchewan's Analytical, Research and Custom Processing Sector" and submitted by Ag-West Bio and the Saskatchewan Food Industry Development Centre, and approved for funding at $19,547 (49% of the projected total project budget). The results of the project, in addition to attending the trade show in 2004 and be an exhibitor with a theme, were to (i) create an interest and engagement among various stakeholders in the industry, (ii) for a consultant(s) to develop a detailed plan to access funds to support this concept. The project resulted in (i) the creation of a "Saskatchewan Solutions" concept development and (ii) the applicants' travel to the IFT show in Las Vegas in 2004. In 2005 and 2006, various contract research organizations at the University of Saskatchewan, Agriculture and Agri-Food Canada and at Innovation Place, and some private food and food ingredient companies attended the trade show. The interest this year in 2007 from private food and food ingredient companies to attend and exhibit their new products at the IFT show in Chicago was significant.

The rationale behind this project was that over the past two years several Saskatchewan companies have been in the process of developing new products and ingredients for the export market. These new ingredients are generally used in the manufacturing of food products in both Canadian and US markets. As Saskatchewan manufacturers with limited resources they have few opportunities to present new products to an international audience. One of the most effective means of marketing new products and concepts is industry trade shows; these shows provide for product demonstration, information gathering on competition, strategic alliance building and direct face to face contact with the end user.

For the food and food ingredients industry there is only one ingredient trade show of this nature in North America. The Institute of Food Technologists (IFT) meeting is an annual meeting where approximately 25,000 industry, media, academic and product development individuals directly related to the food industry congregate to exchange ideas, theories, products, product concepts and food and ingredient related technologies. This annual tradeshow is held in one of five different cities annually. Of all the cities, this year's event in Chicago, Illinois is by far the largest and most predominant tradeshow.

Ag-West Bio Inc. and the Food Centre have been working jointly over the past four years to provide a presence for Saskatchewan ingredient manufacturers to have a presence at this tradeshow. For most individual companies the attendance is cost prohibitive as an individual company. The cost of the booth, setup and organization is a daunting task. Also for most small companies first time attendance means their booth placement is in the far back corner overshadowed by large established companies.

The "Solutions" booth concept that was developed three years ago was to combine industry and service organizations in one large booth that provides a series of services. This is effective for several reasons; it reduces overall costs of attendance by cost sharing, provides support for companies at the tradeshow, reflects a larger presence and status for the companies and allows the booth to be in the main traffic flows of the tradeshow. This concept has allowed the "Solutions" booth to build its presence over the last two tradeshows and be recognized as a provider of services and ingredients to t the food industry. Last year attendance at IFT was used to introduce Saskatchewan ingredients to show goers, the development of a cluster bar the utilized some of the ingredients in the development stage provided substantial interest in the products. The products featured were Flax, Omega 3, Saskatoon berries and Oats.

Objectives

The objective of this project was (i) to have Saskatchewan companies be part of the booth with their presence promoting the individual ingredients and/or finished products, and (ii) to have these Saskatchewan players become global market players in the ingredient business such that they would continue to expand and contribute to the provincial economy. This funding request was made to assist these companies in attending and was on behalf of Farm Pure Foods Inc., Can Mar Grain Products Ltd., and Mustard Capital Inc. In addition, Ag-West Bio, POS Pilot Plant, Agriculture and Agri-Food Canada and the Saskatchewan Food Development Centre were planning to attend; Ag-West Bio and the Food Centre will be facilitators of this mission for accompanying companies/ organizations.

METHODS

Pre-IFT Planning and Preparation

Most of the for-profit and semi non-for-profit companies involved in the food ingredients and finished products business in the province of Saskatchewan were approached in August 2006 for their interest in being represented under the Saskatchewan Solutions pavilion at the IFT I Chicago in 2007. The space for the IFT booth display is always selected one year in advance and a deposit of $10,000 was made in December 2006. Most of the companies approached expressed an interest, but were cautious and could not commit to attending unless there were additional sources of financial, management and logistics support. Most, if not, all of these companies do not have a vast, if any,

marketing budget for trade show promotion. Therefore, cost sharing under a pavilion would make it affordable and effective for all participants.

Financial arrangements

The trade show costs consist of various categories, primarily, travel, ground transportation, shipping, room and board, registration, and others. A proposal was submitted to ADF by Ag-West Bio on behalf of three for-profit companies for coverage of up to 50% of all eligible costs of the trade show attendance. The other participants including Ag-West Bio, the SK Food Development Centre and POS Pilot Plant were to self-manage the expenses related to the trip. All participants had an individual station at which they showcased their organization except Ag-West Bio; we played the role of facilitators and as a provincial economic development agency. Three members of Ag-West Bio (Darcy Pawlik – Communications Director, Jazmin Bolanos – Project Coordinator, Lisette Mascarenhas – Vice President: Health & Nutrition) attended the IFT trade show to provide logistical, promotional and infrastructure support to all participants. Funds for the entire trip for the three members were derived from Ag-West Bio's core funds received from Saskatchewan Agriculture and Food.

Promotion of event:

The event was promoted through our regular news articles and special email flyers (below) and other print forums. These promotions were sent to all our provincial, national and international contacts. In addition, some of the participants (e.g., POS Pilot Plant, Agriculture and Agri-Food Canada) published some of their own material to promote their presence at the Saskatchewan pavilion.

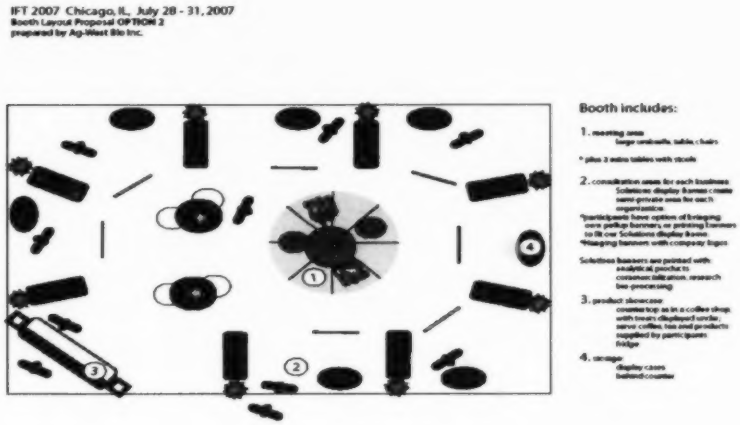
SOLUTIONS
Meet us in the shade at IFT 2007!
July 28-31st in Chicago
Looking for quality ingredients and products?
Research, analytical, and processing capabilities?
Searching for a path to commercialization?
Find it in Saskatchewan!
•top quality ingredients
•technical expertise
•superior processing technologies
•world class facilities
•access to capital
Come to booth #1313
to discover the SOLUTIONS we have for you!
Mustard Capital Inc. • FarmPure Foods Ltd. • POS Pilot Plant Corp.
Agriculture and Agri-Food Canada • CanMar Grain Products Ltd.
Saskatchewan Food Centre Inc. • Ag-West Bio Inc.
Canada
CanMar
FarmPure FOODS
MCI
AWB

Experimental design & Design layout

No conventional statistical and specific experimental design was applied to this project. The invitation, as indicated earlier in the document was made only to food and food ingredient companies.

Ag-West Bio and the Food Development Centre together developed the booth design and layout for the IFT 2007 show. It was critical for participants to maintain elements of the success from previous shows, but also improve on those elements which needed improvements. Thus, in contrast to previous years, the layout consisted of individual booths for each of the six participants and signs for display. A layout design map (A) and an actual IFT pavilion (B) are shown below.

A. Layout design map:



B. Actual IFT 2007 display: Booth 1313

Materials and assembling:

Materials shown in the actual display were bought, assembled and shipped by Ag-West Bio staff to the IFT show prior to the meeting dates, or rented on site. The materials for the umbrellas and other accessories were bought locally in Saskatoon (JYSK) and painted, individual participant logos printed, and assembled at Ag-West Bio. These and other basic essentials used in trade shows were shipped ahead of the actual trade show dates. The other accessories essential for presentation such as floor carpet, chairs, desks, ornamentals, etc., were rented on site. Prior to the start of the show and arrival of the other participants, Ag-West Bio and Saskatchewan Food Development Centre staff established the Saskatchewan pavilion. This facilitated easy set up of companies arriving the next day for set up and display.

The following day, the other participants set up their display including pull up posters, samples, and other materials. The samples distributed from the individual companies were brought or shipped by the companies directly. The treat/highlight of the sampling at the Saskatchewan Solutions pavilion was prepared by Dan Prefontaine and colleagues at the Saskatchewan Food Development Centre; the treat consisted of ingredients (flax, oats, Saskatoon berries, etc.) that were being displayed in the booth.

The booth was attractive, well laid out, easily accessible and central in that it was visited by many an IFT trade show attendee.

RESULTS

The Saskatchewan pavilion (picture next page) was represented by the following organizations:

- Ag-West Bio Inc. (Darcy Pawlik, Jazmin Bolanos, Lisette Mascarenhas);
- Saskatchewan Food Development Centre (Paul Rogers, Dan Prefontaine);
- Agriculture and Agri-Food Canada (George Adnam, Brian Rattray, Patti Wunsch);
- POS Pilot Plant (Rick Green, Udaya Wanasundara)
- *Can Mar Grain Products Ltd. (Elan Ange)
- *Farm Pure Foods Inc. (Rob Graham, Tilly Wiens, Carl Flis)
- *Mustard Capital Inc. (Bob Miller, Tom Halpenny)

*Partially funded by ADF's Agri-value program

As a facilitator of this mission, Ag-West Bio considers the IFT mission a success based on the number of expressed interests and enquiries, people who visited the Saskatchewan Solutions pavilion and the number of positive leads for those who attended the trade show. Our key mandate is to promote the province and economic development. We carry out this mandate using several means such as investing in ventures or companies, facilitating research, trade missions, paving the regulatory pathway, and by informing all

stakeholders of developments in the life sciences sector. In addition to the regular public good activities, we also provide special benefits to our members such as Mustard Capital Inc., Farm Pure Inc., and Can Mar Grains.

The Saskatchewan Team

IFT – General:

An important point worthy of note here is that this IFT trade show in Chicago was considered important by the food research and business community because the focus of the IFT was mainly on the occupants and their products at the various pavilions at the trade show and not other social distractions such as Disney World (e.g. IFT 2006 was held in Orlando, FL). True to the assumption, IFT organizers considered this year's show to be one the best they had. The IFT 2007 trade show was attended by representatives from over 100 countries, and attended by over 20,000 members. All food and food ingredients, grain and non-grain based, meat and seafood products and ingredients were showcased at this show. Pavilions were established representing all eligible interests in one country (e.g., Chinese Pavilion), to individual provinces/states (e.g., Saskatchewan Solutions), to individual companies. In excess of 155 business consultants, small and multinational entrepreneurs visited the booth and requested specific information on

products, services or ingredients sold by our six participants. Companies of note which visited the pavilion and requested specific information include Pepsico, Kraft, Dennys Corporation, Danone and others.

In addition to the companies benefiting from this trade mission, we have identified below the following short term and long term results.

Short Term Results:

- Increased representation of Saskatchewan interests at the international level
- Increased awareness of Saskatchewan's food ingredients and R&D infrastructure strengths
- More knowledge of the link between human health and agriculture and agricultural solutions to disease prevention (e.g., oat, flax, Saskatoon berry)
- Growth of the natural products industry in Saskatchewan for food

Long Term Results:

- A viable bioeconomy in Saskatchewan working towards capturing opportunities for wealth creation.
- Working towards the growth of the agricultural sector in the areas of human health and wellness and animal health and nutrition.
- Attraction and establishment of medium to large global enterprises in Saskatchewan
- Maximum utilization of R&D infrastructural resources in Saskatchewan and growth of the contract research industry
- Increased ability of AWB to evaluate new technologies and products, for potential investee companies
- Coordination of research and product development activities within the province to prevent duplication and enhance provincial capabilities
- Acting as a conduit from industry to the broader scientific business community to effect change

CONCLUSIONS

Our key mandate is economic development in the province. According to a recently commissioned study, the impact of Ag-West Bio's investments into life science companies alone since 1989 has resulted in over 1000 person years of R&D employment in Saskatchewan and the total GDP impact on Saskatchewan is in excess of $750 million. It is noteworthy that in addition to our investment funds, we also provide business mentoring and advice for start up companies in order for them to succeed and contribute to the Saskatchewan bio-economy. Ag- West Bio has an active industry outreach program which is built upon a thorough understanding of the life sciences space nationally and within Saskatchewan, and our aim has been and continues to be to advance

the life sciences sector in Saskatchewan. It is our estimation that the financial support that was received in the amount of up to $20,000 benefited the companies that participated in the IFT 2007 tradeshow. As a result of this, the three companies were able to meet with international companies and follow up for development of their Saskatchewan-based business.

RECOMMENDATIONS

We recommend that ADF:

1. Engage the agri-food business sector of the province by collaborating with other stakeholders in this space.
2. Continue providing financial support for Saskatchewan companies in the pre-export market phase to get their venture off-ground, and for early exposure of their products.
3. Offer support to organizations such as Ag-West Bio which continues to engage the industry in the agri-food sector and link the strengths of the province to the global agri-food industry.

ACKNOWLEDGMENTS

Ag-West Bio Inc. and I personally wish to thank Mr. Doug Pchajek for his effort and all the guidance and assistance he provided during the application process. Our special thanks to Mr. Dan Prefontaine for all of his assistance and direction during the planning process and during the show.

Literature cited (N/A)